

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

Partner Communications Cooperative

and

Iowa Telecommunications Services, Inc.
d/b/a Iowa Telecom

Joint Petition for Waiver of the
Definition of "Study Area" of the
Appendix-Glossary of Part 36 of the
Commission's Rules

Petition for Waiver of Sections
69.3(e)(11) and 69.605(c) of the
Commission's Rules

CC Docket No. 96-45

EXHIBIT 1

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

In the Matter of)
)
Partner Communications Cooperative)
)
and)
)
Iowa Telecommunications Services, Inc.)
)
Application for Authorization Pursuant to)
Section 214 of the Communications Act of 1934,)
as Amended for Transfer of Control of)
the Baxter, Melbourne, Rhodes, and)
State Center Exchanges)
_____)

File No. _____

**APPLICATION FOR TRANSFER OF CONTROL OF THE BAXTER,
MELBOURNE, RHODES, AND STATE CENTER EXCHANGES**

Iowa Telecommunications Services, Inc. ("Iowa Telecom" or "Transferor") and Partner Communications Cooperative ("Partner" or "Transferee") (collectively the "Applicants"), by their undersigned counsel, and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 (the "Act"), and Section 63.04 of the rules of the Federal Communications Commission ("FCC" or the "Commission"), 47 C.F.R. § 63.04, hereby request authority to transfer control of the Baxter, Melbourne, Rhodes, and State Center exchanges (the "Exchanges") from Iowa Telecom to Partner, a total of 2,030 lines. As described in this application, Iowa Telecom has agreed to sell the Exchanges to Partner, which will continue to provide service to Iowa Telecom's former customers upon completion of the transaction.

Pursuant to Section 63.04(a) of the Commission's rules, the Applicants provide the following information in support of this transaction:

(1) Applicants' Name, Address and Telephone Number

Transferor: Iowa Telecommunications Services, Inc.
P.O. Box 1046
115 South Second Avenue West
Newton, Iowa 50208

Telephone: (641) 787-2677
Facsimile: (641) 787-2468

Transferee: Partner Communications Cooperative
P.O. Box 8
Gilman, Iowa 50106

Telephone: (641) 498-7540
Facsimile: (641) 498-7308

(2) State of Organization

- (a) Iowa Telecom is a corporation organized under the laws of the State of Iowa.
- (b) Partner is a cooperative organized under the laws of the State of Iowa.

(3) Contact Information

All correspondence, notices and inquiries regarding this transaction should be addressed to:

Transferor: D. Michael Anderson
Vice President – External Affairs
Iowa Telecommunications Services, Inc.
P.O. Box 1046
115 South Second Avenue West
Newton, Iowa 50208

Telephone: (641) 787-2357
Facsimile: (641) 787-2347

Copies of all correspondence, notices, and inquiries should also be addressed to:

Gregory J. Vogt
Bradley K. Gillen
Wiley Rein & Fielding, LLP
1776 K. St., N.W.
Washington, D.C. 20006

Telephone: (202) 719-7000
Facsimile: (202) 719-7049

Counsel for Iowa Telecom

Transferee: Donald S. Jennings
EVP/General Manager
Partner Communications Cooperative
101 E. Church St.
P.O. Box 8
Gilman, Iowa 50106

Telephone: (641) 498-7701
Facsimile: (641) 498-7308

Copies of all correspondence, notices, and inquiries should also be addressed to:

David Cosson
Kraskin, Moorman & Cosson, LLC
2120 L Street, NW, Suite 520
Washington, DC 20037

Telephone: (202) 296-8890
Facsimile: (202) 296-8893

Counsel for Partner

(4) Ten percent (10%) Equity Shareholders

Iowa Telecom:¹

¹ The ownership structure for Iowa Telecom may change as a result of its pending initial public offering. See Domestic Section 214 Application for Transfer of Control of Iowa Telecommunications Services, Inc. and Iowa Telecom Communications, Inc., DA 04-1248 (Apr. 30, 2004); *International Authorizations Granted*, DA 04-1534 (May 27, 2004).

Iowa Network Services, Inc.
4201 Corporate Drive
West Des Moines, Iowa 50266-5906
Citizenship: United States
Principal Business: Telecommunications
Percent Owned: 57 percent

FS Private Investments III, LLC
520 Madison Avenue
12th Floor
New York, New York 10022
Citizenship: United States
Principal Business: Financial Services
Percent Owned: 28 percent

Partner:

None

(5) Certification Pursuant to Rules 1.2001-1.2003

Applicants hereby certify, pursuant to 47 C.F.R. §§ 1.2001-1.2003, that to the best of their knowledge, information, and belief, no party to the application is subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

(6) Description of Transaction

The Applicants, both independent incumbent local exchange carriers ("LECs"), have entered into an Asset Purchase Agreement in which Iowa Telecom has agreed to transfer its customer base and assets in the Exchanges to Partner. Partner currently operates as a competitive local exchange carrier ("CLEC") in the Baxter and Melbourne exchanges, and serves approximately 13 percent of the residential and business lines in all of the Exchanges (314 out of 2,344 total lines). Post-consummation, Partner will continue to offer the services currently offered to Iowa Telecom customers in these Exchanges, including local telephone service, interLATA and intraLATA long distance service. Moreover, Partner intends to provide acquired

customers with a number of Internet access options including dial-up, DSL access, and cable modem service, as well as additional services including cable service.

The Asset Purchase Agreement also provides for Iowa Telecom's acquisition of approximately 3,500 dial-up and high-speed Internet access customers from Partner in Newton, Grinnell, Tama, Toledo, and Marshalltown. Iowa Telecom will additionally serve as the wholesale provider of Internet access services to Partner. In order to protect the interests of the acquiring party and the integrity of this transaction, Iowa Telecom will not compete as a provider of voice and Internet services in the four Exchanges it intends to sell to Partner for a five-year period, and Partner will not compete as an Internet Service Provider ("ISP") in the exchanges in which it sells its Internet access customers to Iowa Telecom for the same five-year period.

(7) Geographic Description

Iowa Telecom is an independent incumbent LEC headquartered in Newton, Iowa. Iowa Telecom currently provides local exchange and exchange access service and dial-up and high-speed Internet services to residential and business customers in 294 exchanges widely distributed throughout the State of Iowa, comprising a total of approximately 260,000 access lines.

Partner is headquartered in Gilman, Iowa. It is an established telecommunications carrier that provides incumbent local exchange and exchange access services as well as Internet access services (dial-up and DSL access) to residential and business customers (approximately 1,488 access lines total) in the small rural central Iowa communities of Gilman and Kellogg (each with a population of about 600). Partner presently serves the Baxter and Melbourne exchanges as a CLEC. Partner's incumbent service areas do not overlap and are not adjacent to the Exchanges. A map of Iowa highlighting the Exchanges, and the local service areas of Iowa Telecom and Partner is attached as Exhibit A.

(8) Streamlined Treatment

The Applicants do not request streamlined treatment even though this application stand-alone would qualify for streamlining under FCC rules. Specifically, Section 63.04(b)(2)(iii) would apply because the Applicants are both independent incumbent LECs that have fewer than two percent of the nation's subscriber lines with no overlapping or adjacent service areas. Streamlined treatment is not requested due to the Applicant's separate waiver requests referenced under (11) below.

(9) Other Related Applications Before the Commission

None.

(10) Statement of Imminent Business Failure

Not applicable.

(11) Separately Filed Waiver Requests

The Applicants have filed study area, average schedule, and NECA carrier common line tariff waiver requests concurrently with this Application.

(12) Public Interest Statement

This transaction largely mirrors the recently approved acquisition of three rural Iowa Telecom exchanges by Heart of Iowa Communications Cooperative ("Heart of Iowa"). *Wireline Competition Bureau Grants Consent for Acquisition of Local Exchange Assets of Iowa Telecom by Heart of Iowa*, DA 04-1449 (May 21, 2004). In that instance, Heart of Iowa, a rural cooperative, acquired three adjacent exchanges from Iowa Telecom. The FCC found that transaction to be in the public interest, convenience, and necessity. Here, Partner, also a small

In addition to the Heart of Iowa acquisition, this transaction is consistent with other transactions approved by the Commission, involving proximate service areas.² The same considerations apply in this instance, in particular, the existence of a major national carrier in the closest large population center to the Exchanges, Qwest in Marshalltown.³ Moreover, unlike in those instances, this transaction is not a full-fledged combination of competing providers; rather, this transfer involves only four small exchanges being transferred between two rural providers, both of which will be stronger and more vibrant as a result of the transfer.⁴ Accordingly, consistent with precedent, the proposed transaction will serve the public interest, convenience and necessity by strengthening two small providers, and by directly benefiting all impacted consumers.

² *Joint Applications of Telephone and Data Systems, Inc. and Chorus Communications, Ltd. For Authority to Transfer Control of Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 22, 63, and 90 of the Commission's Rules, Memorandum Opinion and Order*, 16 FCC Rcd 15293 ¶ 9 (Comm. Car. Bur. 2001) ("*Chorus*") ("In this case, TDS and Chorus are actual competitors for local exchange and exchange access services in the Madison area."); *Joint Application of Global Crossing Ltd., and Citizens Communications Company for Authority to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 20, 22, 63, 78, 90, and 101 of the Commission's Rules, Memorandum Opinion and Order*, 16 FCC Rcd 8507 (Comm. Car. Bur., Int'l Bur., Cable Serv. Bur., Wireless Bur. 2001) ("*Global Crossing/Citizens*") (adjacent service areas in four states).

³ See *Chorus* at n. 26 ("SBC-Ameritech, the largest incumbent LEC in Wisconsin, is the incumbent LEC in the City of Madison.").

⁴ In *Global Crossing/Citizens*, the Commission highlighted the small size of the exchanges in question, which were equal to, if not much larger, than the Exchanges at issue in this Application. See *Global Crossing/Citizens* at ¶ 7.

rural cooperative, seeks to acquire four exchanges from Iowa Telecom. In both transactions, the acquiring cooperative was an active competitor in some or all of the exchanges to be acquired prior to the Iowa Telecom's purchase of the exchanges from GTE Midwest. Notably, this transaction is different because the exchanges Partner will acquire are not adjacent to Partner's incumbent service area.

The benefits to consumers and to both companies in this application correspond to the public interest benefits found in the Heart of Iowa transaction. In particular, affected customers will be able to purchase from Partner a complete bundle of voice, high-speed Internet access, and video services for the first time. In addition, Partner has committed to provide customers a price reduction. Customers may also benefit from Partner's cooperative structure, which provides for local management, and the ability of all customers to be an owner of the cooperative, including the right to vote for the cooperative's Board of Directors.

Partner itself will benefit from new economies of scale and administratively simpler operations as a result of the transaction. Iowa Telecom's telecommunication services, in turn, would be strengthened through subtraction, permitting Iowa Telecom to focus greater resources on its remaining exchanges throughout the state, better positioning the company to provide new services (*i.e.*, broadband) to its customers in a shorter timetable in its rural exchanges and to modernize its network. The inverse holds true for Iowa Telecom's Internet business because this transaction will provide Iowa Telecom with greater scale with which to develop its Internet operations on both a retail and wholesale basis.

Conclusion

For the foregoing reasons, Iowa Telecom and Partner respectfully request that the Commission promptly grant this Application.

Respectfully Submitted,

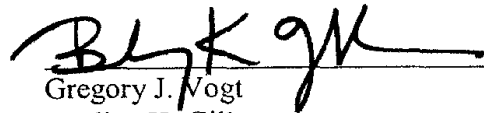
**PARTNER COMMUNICATIONS
COOPERATIVE**



David Cosson
KRASKIN, MOORMAN & COSSON, LLC
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(202) 296-8890

*Counsel for Partner
Communications Cooperative*

**IOWA TELECOMMUNICATIONS
SERVICES, INC.**



Gregory J. Vogt
Bradley K. Gillen
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(202) 719-7000

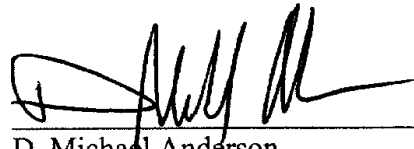
*Counsel for Iowa Telecommunications
Services, Inc.*

June 14, 2004

DECLARATION OF D. MICHAEL ANDERSON

I, D. Michael Anderson, Vice President – External Affairs of Iowa Telecommunications Services, Inc., (“Iowa Telecom”) declare under penalty of perjury that Iowa Telecom, including all officers, directors, or persons holding five percent or more of the outstanding stock or shares (voting and/or non-voting) of Iowa Telecom as specified in Section 1.2003(b) of the Commission’s Rules, is not subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Executed on: 05/26/04




D. Michael Anderson
Vice President – External Affairs
Iowa Telecommunications Services, Inc.

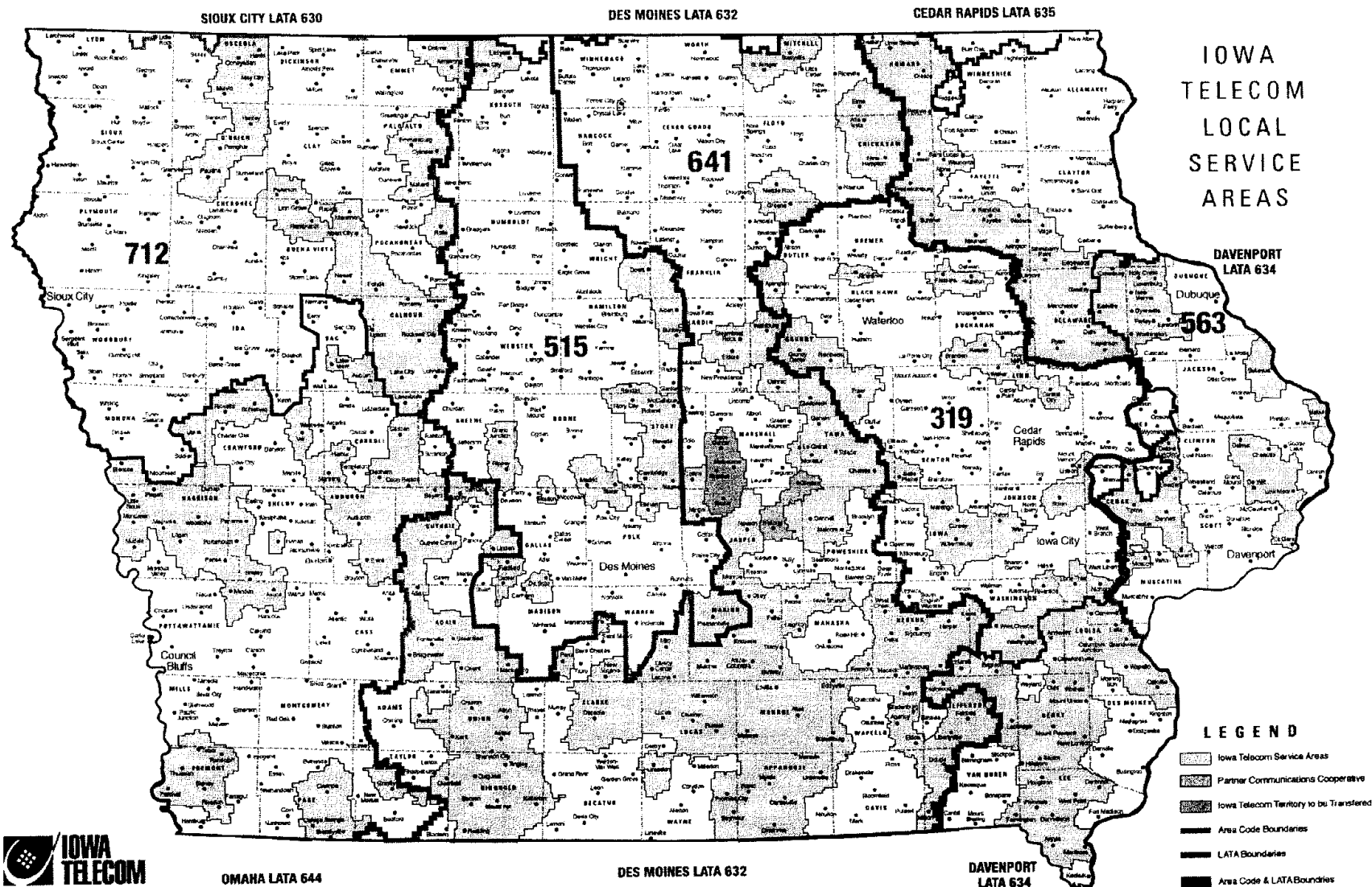
DECLARATION OF DONALD S. JENNINGS

I, Donald S. Jennings, EVP/General Manager of Partner Communications Cooperative, ("Partner") declare under penalty of perjury that Partner, including all officers, directors, or persons holding five percent or more of the outstanding stock or shares (voting and/or non-voting) of Partner as specified in Section 1.2003(b) of the Commission's Rules, is not subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Executed on:

6/8/04


Donald S. Jennings
EVP/General Manager
Partner Communications Cooperative



**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

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and

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Commission's Rules

CC Docket No. 96-45

EXHIBIT 2

STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

IN RE:

IOWA TELECOMMUNICATIONS
SERVICES, INC. d/b/a IOWA
TELECOM and PARTNER
COMMUNICATIONS
COOPERATIVE

DOCKET NO. SPU-04-

JOINT APPLICATION

COMES NOW Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom ("Iowa Telecom") and Partner Communications Cooperative ("Partner") to jointly request discontinuance of service and transfer of Iowa Telecom's certificate of public convenience and necessity for the Baxter, Melbourne, Rhodes¹ and State Center, Iowa exchanges to Partner pursuant to Iowa Code § 476.29(3). In support of the requisite Joint Application², the Applicants jointly state:

1. Iowa Telecom is an Iowa corporation with its principal place of business in Newton, Iowa. Iowa Telecom is a rate-regulated local exchange carrier and holds Certificate No. 0217 issued pursuant to Iowa Code §476.29(1).

2. Partner is an Iowa cooperative³ with its principal place of business at 101 E Church Street, Gilman, Iowa. Partner holds Certificate No. 058⁴ issued pursuant to Iowa Code §476.29(1) serving the exchanges of

¹ Partner currently provides service in the Baxter, Melbourne and Rhodes exchanges. TF-02-3.

² 199 IAC 7.12(2) provides, "When the discontinuance of service is incident to the transfer of utility property, the transferor utility and the transferee shall file a joint application."

³ Iowa Corporation # 53841.

⁴ IN RE: PARTNER COMMUNICATIONS COOPERATIVE, DOCKET NO. TCU-00-19; AMENDED CERTIFICATE 0058, "CERTIFICATE", (Issued August 16, 2001). ("The certificate issued to Mid-Iowa Telephone Cooperative on September 29, 1992, is amended to reflect the new corporate name of Partner Communications Cooperative. This certificate authorizes Mid-Iowa to furnish switched local telephone service in the exchanges described in its tariff as they are currently and as they may be subsequently modified.")

Baxter, Gilman, Kellogg, Melbourne and Rhodes. Partner has been providing telephone service for nearly half a century. As evidenced by Partner's history and the attached affidavit of Donald S. Jennings, Partner is ready, willing and able to provide comparable utility service in the Baxter, Melbourne, Rhodes, and State Center exchanges. As shown in the attached affidavit by Joseph L. Gerot, Partner is financially able to acquire the assets and provide service to the customers of Baxter, Melbourne, Rhodes and State Center exchanges as well as sustain immediate improvement of those services.

3. Partner has entered into an Asset Purchase Agreement dated January 26, 2004, to acquire the assets of Iowa Telecom used to provide local exchange service in the Baxter, Melbourne, Rhodes, and State Center exchanges. Partner is prepared to complete the acquisition as soon as regulatory approvals can be obtained.

4. After acquisition by Partner, Iowa Telecom would no longer provide local exchange services to the Baxter, Melbourne, Rhodes and State Center exchanges. Instead those services (except for certain expanded local calling plans as explained in Paragraph 13) would be provided by Partner, including comparable basic exchange telephone service, comparable long distance services, DSL and dial-up Internet services previously provided by Iowa Telecom.

5. Permission to discontinue service must be first granted by the Board pursuant to Iowa Code §476.20(1)⁵. Board rules governing transfer of utility property set the applicable standard for granting the Joint Application as whether Partner "is ready, willing and able to provide comparable utility service."⁶

6. Transfer of the certificate of Iowa Telecom requires approval under Iowa Code §476.20(1) and for Iowa Telecom, as a rate regulated company, approval will be treated in the same manner as a reorganization under Iowa Code §§476.76 and 476.77.⁷

⁵ Iowa Code §476.20(1) provides that discontinuance of service such as proposed in this case shall not take place "unless and until permission to do so is obtained from the board."

⁶ 199 IAC 7.12(5).

⁷ Iowa Code §476.29(3).

7. The reorganization statute expressly provides that "The board may waive the requirements of this section if the board finds that board review is not necessary in the public interest."⁸

8. The Applicants request a waiver of Iowa Code §§476.76 and 476.77 in that the Board review of the transaction is not necessary in the public interest since review is being taken under Iowa Code §476.20. The Board rules make specific provisions for the transfer and continuation of utility service.⁹ As supported by the Affidavit of D. Michael Anderson, this transaction affects only .85% of the access lines of Iowa Telecom and will not have a material impact on the ongoing operations of Iowa Telecom.

9. Iowa Telecom rates are governed by the price regulation provisions of Iowa Code §476.97(11). Under Iowa Code §476.99(1), price regulated local exchange carriers must make provisions to "Reflect in rates any changes due to changes in the average cost of the local exchange carrier resulting from the sale of an exchange in this state." As supported by the Affidavit of D. Michael Anderson, there will be no such changes as a result of this transaction.

10. Notification to all affected Iowa Telecom's customers will be provided at least thirty (30) days prior to close in the form of notice appended as Exhibit "A" to this Joint Application. The notice discloses that there will be no increase in rates or material change in services as a consequence of this proceeding.

11. Iowa Telecom and Partner request a waiver of 199 IAC 22.23(2) regarding individual customer verification rules for unauthorized changes in telecommunication services. Board precedent allows the grant of such a waiver pursuant to 199 IAC 1.3 in these circumstances where it would be an undue hardship to obtain individual authorization verifications and the granting of the waiver will not adversely affect the substantial legal rights of any person and equal protection of the public health, safety and welfare have been afforded because all Iowa Telecom customers affected by

⁸ Iowa Code §476.77(4).

⁹ 199 IAC 7.12.

the transfer will be afforded the opportunity to change providers if they choose to do so.¹⁰

12. The transfer proposed by the Applicants requires a waiver from the Federal Communications Commission ("FCC") of the FCC's study area requirements. The FCC's acceptance of a waiver requires an affirmative Board statement that the Board does not object to the FCC granting a study area waiver. The Board has issued such affirmative statements in prior cases¹¹.

13. Partner Communications Cooperative began as Kellogg Telephone Co-op Association in 1958. In 1980, Gilman Telephone Company merged into Kellogg Telephone Co-op Association and the name was changed to Mid-Iowa Telephone Co-op Association. In 2001, Mid-Iowa Telephone Co-op Association changed its name to Partner Communications Cooperative, which tied into its successful internet service PCPartner that served the central Iowa market since 1996. Partner Communications Cooperative has provided leading edge services for many years in its service area. The Cooperative has deployed a fiber-copper local distribution network design with AFC digital carrier to deliver voice services and DSL Internet service. The proposed transfer of exchanges to Partner will result in a consolidated, efficient service in Partner's expanded service territory. Partner is serving these exchanges with its fiber-coax system providing broadband service in some markets. The combination of Partner's existing fiber and the acquired facilities from Iowa Telecom will allow Partner to expand broadband services throughout these communities.

¹⁰ *IN RE: IOWA TELECOMMUNICATIONS SERVICES, INC., d/b/a, IOWA TELECOM, AND HEART OF IOWA COMMUNICATIONS COOPERATIVE*, DOCKET NOS. SPU-03-16; WRU-03-71-263, "ORDER APPROVING JOINT APPLICATION FOR DISCONTINUANCE OF SERVICE, AUTHORIZING TRANSFER OF CERTIFICATE, AND GRANTING WAIVER", (Issued December 19, 2003), pages 5 – 6; *IN RE: HEART OF IOWA COMMUNICATIONS, INC., AND HEART OF IOWA COMMUNICATIONS COOPERATIVE*, DOCKET NOS. SPU-02-06, WRU-02-17-482, (TCU-99-33), (TCU-01-19), (TCU-02-2), "ORDER APPROVING JOINT APPLICATION FOR DISCONTINUANCE OF SERVICE, AUTHORIZING AMENDMENT TO CERTIFICATE, AND GRANTING WAIVER" (Issued June 20, 2002), pages 2 – 3; *IN RE: SEARSBORO TELEPHONE COMPANY, INC., AND KILLDUFF TELEPHONE COMPANY*, DOCKET NOS. SPU-03-6, TF-03-132, WRU-03-57-478, "ORDER APPROVING JOINT APPLICATION FOR DISCONTINUANCE OF SERVICE, AMENDING CERTIFICATE, APPROVING TARIFF, AND GRANTING WAIVER", (Issued September 12, 2003), pages 5 – 6.

¹¹ *IN RE: IOWA TELECOMMUNICATIONS SERVICES, INC., d/b/a IOWA TELECOM AND HEART OF IOWA COMMUNICATIONS COOPERATIVE*, DOCKET NOS. SPU-03-16; WRU-03-71-363, "ORDER APPROVING JOINT APPLICATION FOR DISCONTINUANCE OF SERVICE, AUTHORIZING TRANSFER OF CERTIFICATE, AND GRANTING WAIVER", (Issued December 19, 2003), pages 6 – 7.

Partner plans to upgrade the local switching connecting it to its LUCENT 5ESS switch with a protected fiber ring within one year of completing the purchase. Iowa Telecom provides customers the option of subscribing to a Local Calling Plan for a flat monthly charge per access line of \$ 25 residential and \$ 50 business. Partner is a member of Iowa Network Services and provides equal access for both intraLATA long distance and interLATA long distance. Under this arrangement, Partner provides the same type of optional calling plan under its long distance service. Partner offers its Advantage Plan which is comparable to the Iowa Telecom Local Calling Plan in calling area and the rates and terms are the same. Customers who are on the Iowa Telecom Local Calling Plan will be subscribed to Partner's Advantage Plan. See also the affidavit of Donald S. Jennings.

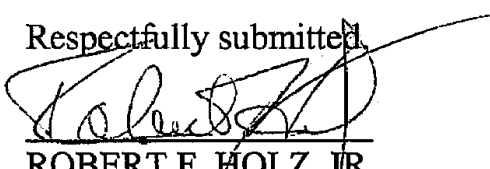
14. Other information supporting the Joint Application:

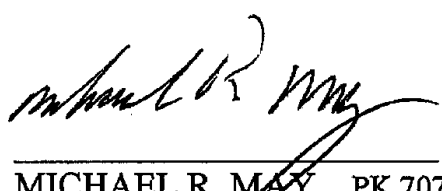
- a. Partner provides service to 1,802 access lines.
- b. Iowa Telecom provides service to 650 lines in Baxter, 366 lines in Melbourne, 177 lines in Rhodes and 837 lines in State Center.
- c. Customer Service and Technical Services will be dispatched to Baxter, Melbourne, Rhodes and State Center exchanges from the Partner headquarters in Gilman. Management and accounting functions are presently provided from the home offices of Iowa Telecom in Newton. These services will now be provided from Partner's Gilman office as well.
- d. After the acquisition, Baxter, Melbourne, Rhodes and State Center will remain exchanges of Partner. The rates for Baxter Melbourne, Rhodes and State Center will be the current Partner tariff with the local access line rates slightly below those paid under the Iowa Telecom tariff.
- e. Other service to be transferred to Partner under this transaction, include interexchange long distance and internet services.

WHEREFORE Iowa Telecom and Partner request that the Joint Application be found to be in the public interest because Partner is ready willing and able to provide comparable utility service and the Board approve the Joint Application in all respects, including:

1. Approving the transfer of the Baxter, Melbourne, Rhodes and State Center exchanges from Iowa Telecom to Partner with a consequent amendment of Partner's Certificate;
2. Approving the discontinuance of service by Iowa Telecom;
3. Granting the waiver of Iowa Code §§476.76 and 476.77;
4. Granting the waiver of 199 IAC 22.23(2) regarding the verification requirement for unauthorized changes in telecommunications service;
5. The Board affirmatively state that it does not object to the request that the study area waiver be granted by the F.C.C.;
6. The Board grant such other relief as it deems just in the case.

Respectfully submitted,

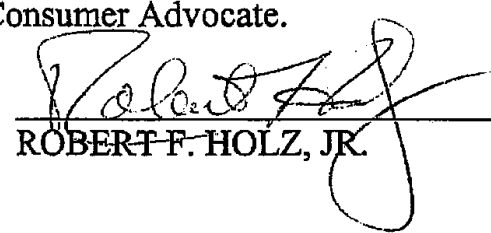

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MICHAEL R. MAY PK 7075
Attorney at Law
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Indianola, Iowa 50215
Tel. 515/ 238-1223
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ATTORNEYS FOR APPLICANTS

Certificate of Service

I hereby certify that I have served a copy of the forgoing Joint Application this 24th day of May, 2004 upon the Board's General Counsel and three copies upon the Office of Consumer Advocate.


ROBERT F. HOLZ, JR.

Affidavit of Donald S. Jennings

State of Iowa)
) SS:
County of Marshall)

Donald S. Jennings, being of lawful age, first duly sworn deposes and says:

I am the Executive Vice-President and General Manager of Partner Communications Cooperative ("Partner"). I have held this position since June of 1985. Prior to my present position I was General Manager of Readlyn Telephone Company located in Readlyn Iowa. I have over 25 years experience in the telecommunications industry. I started as an Installer-Repairman with Dunkerton Telephone Company in 1979. I have been involved in most operating areas of a telephone company. My management responsibilities have included administration, technical, financial, customer relations and regulatory matters. I have worked with both inside and outside plant operations. I have served on the Board of the Rural Iowa Independent Telephone Association.

I graduated from Northeast Missouri State (now Truman State) University in Kirksville, Missouri, with a BS degree in Business Administration in 1977.

I have reviewed the Joint application for Approval of Discontinuance of Service and Transfer of Certificate and it is true and correct to the best of my knowledge and belief.

Partner is certified to provide local exchange telecommunications services in (5) Iowa exchanges including Baxter, Gilman, Kellogg, Melbourne and Rhodes, Iowa. Partner is currently operating in all these exchanges except Rhodes. Through its subsidiaries, Partner offers long distance, cable television service and internet access services in the areas it serves. It already provides cable TV and internet access in the exchanges it is acquiring.

All services will be provided from our Gilman Corporate headquarters. This includes customer service, the dispatch of service technicians and accounting and finance. Since we operate the CATV systems in these Iowa Telecom exchanges, we already have operations and scheduling procedures in place to service these exchanges.

We currently have 16 employees: 2 management, 2 accounting, 7 Customer Service and 5 Technicians. We are planning to add 1 full-time technician with the purchase of these exchanges.

Partner is a member of Iowa Network Services (INS) and utilizes the centralized equal access service, which INS provides Partner dialing parity. Service in Baxter, Melbourne, Rhodes and State Center is currently provided by Iowa Telecom using AGCS/LUCENT GTD-5 host-remote switching design. The host is in State Center and remotes serve Baxter, Melbourne and Rhodes. Immediately upon closing the purchase, we will be redirecting the GTD-5 switching equipment to INS through our existing fiber network. Partner plans to replace these switches within one year of the closing. Partner operates a LUCENT SESS VCDX digital switch, installed in 2000, from its Gilman location. With our combined plant we plan to have fiber rings between our LUCENT SESS and these remote offices, including redundant routing features.

All long distance traffic will be sent to INS through our switching network. Currently INS has 47 long distance company carrier identification codes CICs available through their network. Under the Iowa Telecom switching arrangement there are 26 long distance company CICs available to these exchanges. There are 9 carriers who are not listed on INS, but serve 19 customers out of the 2,187 access lines in these ITS exchanges. These carriers will be given the option to make their company available through INS. If the 9 carriers decline the option to make their company available through INS, we will provide a list to the 19 customers in order to assist the customers in choosing an alternate carrier.

The customers will experience a reduction in local rates. The local rate comparison is attached as Exhibit A. All other services will be billed under the existing Partner Communications Cooperative tariff. Access Charges will be billed under the existing Partner Access Tariff.

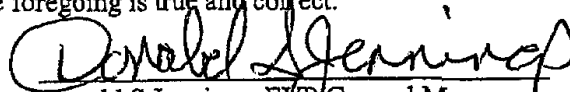
Partner will offer enhanced services such as voicemail and high-speed internet service to these exchanges. The high-speed internet service footprint will mirror Iowa Telecom's current service area, but will be expanded as construction upgrades are completed over the next 3-5 years. Partner provides cable modem service in these communities, so we plan to leverage the Iowa Telecom DSL equipment which is being used in the towns by replacing that equipment with the cable modem service and use the excess DSL equipment to expand in the rural areas.

Iowa Telecom provides customers long distance service with various calling plans to these exchanges, including a Local Calling Plan. Iowa Telecom provides customers the option of subscribing to a Local Calling Plan for a flat monthly charge per access line of \$25 residential and \$50 business. Partner is a member of INS and provides equal access for both intralata long distance and Interlata long distance. Under this arrangement, Partner provides the same optional calling plan under its long distance service. The calling area included in Partner's Advantage Plan is comparable to the ITS Local Calling Plan and the rates are the same. Customers who are on the ITS Local Calling Plan will be subscribed to Partner's Advantage Plan under its long distance service.

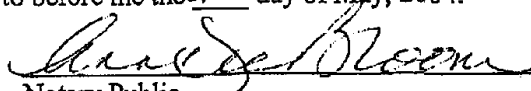
Partner offers the same interexchange plans or comparable plans as Iowa Telecom in its service area. Partner also offers a basic plan and a flat rate plan which is comparable to Iowa Telecom toll plans. Customers on these plans will be offered alternative plans from our list of available calling plans.

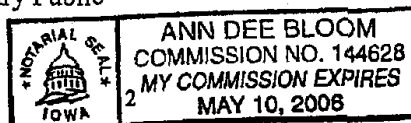
Extended Area Calling (EAS) service offered by Iowa Telecom to Marshalltown from State Center, Melbourne and Rhodes will remain available.

I hereby state that the foregoing is true and correct.


Donald S Jennings, EVP General Manager
Partner Communications Cooperative

Subscribed and sworn to before me the 21st day of May, 2004.


Notary Public



Partner Communications Letterhead

Draft Notice

Exhibit A

Below are the Local Residential and Business access line rates for these exchanges under Partner Communications Cooperative's Tariff. The Exchanges listed are Baxter, Melbourne, Rhodes and State Center, Iowa.

Exhibit A							
Local Rates - Comparison							
Exchange	Iowa Telecom				Partner Communications Cooperative		
	Basic Rate	EAS Rate	Total Rate		Basic Rate	EAS Rate	Total Rate
Baxter	641-227						
R1	\$16.60	n/a	\$16.60		\$14.94	n/a	\$14.94
Res Line 2	\$13.28	n/a	\$13.28		\$11.95	n/a	\$11.95
B1	\$32.09	n/a	\$32.09		\$25.67	n/a	\$25.67
Bus Key/Trunk	\$32.09	n/a	\$32.09		\$25.67	n/a	\$25.67
Centrex Line/NAR	\$19.95	n/a	\$19.95		\$15.96	n/a	\$15.96
Melbourne	641-482						
R1	\$16.60	\$3.99	\$20.59		\$14.94	\$3.99	\$18.93
Res Line 2	\$13.28	\$3.99	\$17.27		\$11.95	\$3.99	\$15.94
B1	\$32.09	\$7.98	\$40.07		\$25.67	\$7.98	\$33.65
Bus Key/Trunk	\$32.09	\$11.97	\$44.06		\$25.67	\$11.97	\$37.64
Centrex Line/NAR	\$19.95	\$7.98	\$27.93		\$15.96	\$7.98	\$23.94
Rhodes	641-493						
R1	\$16.60	\$3.99	\$20.59		\$14.94	\$3.99	\$18.93
Res Line 2	\$13.28	\$3.99	\$17.27		\$11.95	\$3.99	\$15.94
B1	\$32.09	\$7.98	\$40.07		\$25.67	\$7.98	\$33.65
Bus Key/Trunk	\$32.09	\$11.97	\$44.06		\$25.67	\$11.97	\$37.64
Centrex Line/NAR	\$19.95	\$7.98	\$27.93		\$15.96	\$7.98	\$23.94
State Center	641-483						
R1	\$16.60	\$3.84	\$20.44		\$14.94	\$3.84	\$18.78
Res Line 2	\$13.28	\$3.84	\$17.12		\$11.95	\$3.84	\$15.79
B1	\$32.09	\$7.69	\$39.78		\$25.67	\$7.69	\$33.36
Bus Key/Trunk	\$32.09	\$11.54	\$43.63		\$25.67	\$11.54	\$37.21
Centrex Line/NAR	\$19.95	\$7.69	\$27.64		\$15.96	\$7.69	\$23.65

The above rates include the charge for Extended Area Service (EAS) for calls to the Marshalltown, Iowa, exchange for Melbourne, Rhodes and State Center. *Baxter has no EAS service areas. Other charges which apply include the FCC Subscriber Line Charge, Federal Universal Service Charge, E911 surcharge and applicable federal and state taxes. These rates do not include any long distance charges or long distance plan charges.*

AFFIDAVIT OF JOSEPH L. GEROT

STATE OF IOWA)
) SS:
COUNTY OF POLK)

I, Joseph L. Gerot, state on oath that I am a partner in the firm of Kiesling Associates LLP. Kiesling Associates LLP is a regional certified public accounting firm, whose Iowa practice relates primarily to independent telephone companies and their holdings. Our clientele includes over 120 Iowa telephone companies. I began working for this telecommunications related firm in 1980, as a staff accountant; became a Certified Public Accountant in 1981 and was admitted to the partnership in 1991. I was elected Co-Managing Partner of the firm in May of 2003.

Kiesling Associates LLP has audited the financial statements of the Partner Communications Cooperative (formally Mid Iowa Telephone Cooperative Association) each year for over 30 years. I personally have been assigned as the engagement partner for the last thirteen years. I am well acquainted with the financial aspects of Partner Communications Cooperative.

Partner Communications Cooperative is in healthy financial condition. The audited financial statements for the year ended December 31, 2003, reflect the following ratios: debt to equity, 1.5 to 1; times interest earned, 3.2; and debt service coverage of 3.1. Partners Communications Cooperative will finance this acquisition partly with internal funds and partly with loan funds which have been approved from the Rural Telephone Finance Cooperative.

The Company's plans to acquire and operate the Baxter, Melbourne, State Center and Rhodes exchanges are within its means. It has the ability to provide significant equity in the transaction and to arrange the financing needed for not only the acquisition, but also for its successful operation.

I hereby state that the foregoing is true and correct as I verily believe.

Further affiant sayeth not.

Joseph L. Gerot

Joseph L. Gerot
Kiesling Associates LLP

Subscribed and sworn to before me this 21 day of May,
2004.



Kathleen McNamara
Notary Public

AFFIDAVIT OF D. MICHAEL ANDERSON

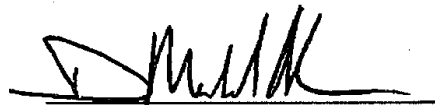
STATE OF IOWA)
) SS:
COUNTY OF JASPER)

I, D. Michael Anderson, state on oath that I am Vice President-External Affairs of Iowa Telecom. In that position, I am responsible for managing the day-to-day contacts and work activities with state and federal regulatory agencies, legislative bodies, and industry groups.

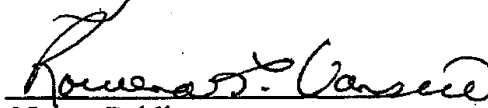
As a price regulated company, we would need to make provision for changes in rates if there were material changes in the average cost as a result of the sale of these exchanges. There will be no such change in cost as a result of this transaction. The Baxter, Melbourne, Rhodes, and State Center exchanges are four of the smaller of our 294 exchanges in the State of Iowa accounting for only .85% of the company access lines. We do not have exchange cost information, and therefore, are unable to identify the change in the average cost of the company resulting from the sale of these exchanges. We do have investment and revenue information by exchange. The change in plant per access line would be an increase of .05%. The change in revenue per access line would be an increase of .049%. Any changes would be so insignificant that they would not affect rates.

I hereby state that the foregoing is true and correct, as I verily believe.

Further affiant sayeth not.


D. Michael Anderson
Vice President-External Affairs
Iowa Telecom

Subscribed and sworn to before me this 12th day of May, 2004.


Notary Public



READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page 1 of 1

(1) LOCK BOX # 358140			
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Donald S Jennings		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$6,570.00	
(4) STREET ADDRESS LINE NO. 1 101 E Church Street			
(5) STREET ADDRESS LINE NO. 2 PO Box 8			
(6) CITY Gilman		(7) STATE IA	(8) ZIP CODE 50106-0008
(9) DAYTIME TELEPHONE NUMBER (include area code) 641-498-7701		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0009148131			
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Partner Communications Cooperative			
(14) STREET ADDRESS LINE NO. 1 101 E Church Street			
(15) STREET ADDRESS LINE NO. 2 PO Box 8			
(16) CITY Gilman		(17) STATE IA	(18) ZIP CODE 50106-0008
(19) DAYTIME TELEPHONE NUMBER (include area code) 641-498-7701		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0007183619			
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE BEA	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$6,570.00	(27A) TOTAL FEE \$6,570.00		
(28A) FCC CODE 1	(29A) FCC CODE 2		
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE		
(28B) FCC CODE 1	(29B) FCC CODE 2		
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT Donald S Jennings certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE <i>Donald S Jennings</i>		DATE 6/10/04	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD <input checked="" type="checkbox"/> VISA <input type="checkbox"/> AMEX <input type="checkbox"/> DISCOVER <input type="checkbox"/>			
ACCOUNT NUMBER [REDACTED]		EXPIRATION DATE [REDACTED]	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE <i>Donald S Jennings</i>		DATE 6/10/04	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)

FEDERAL COMMUNICATIONS COMMISSION REMITTANCE ADVICE (CONTINUATION SHEET) Page No. <u> </u> of <u> </u>		SPECIAL USE
		FCC USE ONLY
USE THIS SECTION ONLY FOR EACH ADDITIONAL APPLICANT SECTION BB - ADDITIONAL APPLICANT INFORMATION		
(13) APPLICANT NAME Iowa Telecommunications Services Inc - D. M. Anderson		
(14) STREET ADDRESS LINE NO. 1 115 S. 2nd Ave W.		
(15) STREET ADDRESS LINE NO. 2 PO Box 1046		
(16) CITY Newton	(17) STATE IA	(18) ZIP CODE 50208-1046
(19) DAYTIME TELEPHONE NUMBER (include area code) 641-787-2677		(20) COUNTRY CODE (if not in U.S.A.)
FCC REGISTRATION NUMBER (FRN) REQUIRED		
(21) APPLICANT (FRN) 0003911385		(22) FCC USE ONLY
COMPLETE SECTION C FOR EACH SERVICE. IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET		
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE	(25A) QUANTITY
(26A) FEE DUE FOR (PTC)	(27A) TOTAL FEE	FCC USE ONLY
(28A) FCC CODE 1		(29A) FCC CODE 2
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1		(29B) FCC CODE 2
(23C) CALL SIGN/OTHER ID	(24C) PAYMENT TYPE CODE	(25C) QUANTITY
(26C) FEE DUE FOR (PTC)	(27C) TOTAL FEE	FCC USE ONLY
(28C) FCC CODE 1		(29C) FCC CODE 2
(23D) CALL SIGN/OTHER ID	(24D) PAYMENT TYPE CODE	(25D) QUANTITY
(26D) FEE DUE FOR (PTC)	(27D) TOTAL FEE	FCC USE ONLY
(28D) FCC CODE 1		(29D) FCC CODE 2
(23E) CALL SIGN/OTHER ID	(24E) PAYMENT TYPE CODE	(25E) QUANTITY
(26E) FEE DUE FOR (PTC)	(27E) TOTAL FEE	FCC USE ONLY
(28E) FCC CODE 1		(29E) FCC CODE 2
(23F) CALL SIGN/OTHER ID	(24F) PAYMENT TYPE CODE	(25F) QUANTITY
(26F) FEE DUE FOR (PTC)	(27F) TOTAL FEE	FCC USE ONLY
(28F) FCC CODE 1		(29F) FCC CODE 2

Approved by OMB
3060-0589
Page: 1 of 1

FEBRUARY 2003 (REVISED)

FEDERAL COMMUNICATIONS COMMISSION REMITTANCE ADVICE (CONTINUATION SHEET) Page No. <u> </u> of <u> </u>		SPECIAL USE FCC USE ONLY
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		(18) ZIP CODE 50208-1046
(19) DAYTIME TELEPHONE NUMBER (include area code) 641-787-2677		(20) COUNTRY CODE (if not in U.S.A.)
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(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE	(25A) QUANTITY
(26A) FEE DUE FOR (PTC)	(27A) TOTAL FEE	FCC USE ONLY
(28A) FCC CODE 1		(29A) FCC CODE 2
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1		(29B) FCC CODE 2
(23C) CALL SIGN/OTHER ID	(24C) PAYMENT TYPE CODE	(25C) QUANTITY
(26C) FEE DUE FOR (PTC)	(27C) TOTAL FEE	FCC USE ONLY
(28C) FCC CODE 1		(29C) FCC CODE 2
(23D) CALL SIGN/OTHER ID	(24D) PAYMENT TYPE CODE	(25D) QUANTITY
(26D) FEE DUE FOR (PTC)	(27D) TOTAL FEE	FCC USE ONLY
(28D) FCC CODE 1		(29D) FCC CODE 2
(23E) CALL SIGN/OTHER ID	(24E) PAYMENT TYPE CODE	(25E) QUANTITY
(26E) FEE DUE FOR (PTC)	(27E) TOTAL FEE	FCC USE ONLY
(28E) FCC CODE 1		(29E) FCC CODE 2
(23F) CALL SIGN/OTHER ID	(24F) PAYMENT TYPE CODE	(25F) QUANTITY
(26F) FEE DUE FOR (PTC)	(27F) TOTAL FEE	FCC USE ONLY
(28F) FCC CODE 1		(29F) FCC CODE 2